CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

May 17, 1999

S. 305
Muhammad Ali Boxing Reform Act

As ordered reported by the Senate Committee on Commerce, Science, and Transportation on May 5, 1999

SUMMARY

S. 305 aims to protect professional boxers from unfair business practices of managers and promoters. The bill would stipulate that certain provisions be included in contracts between boxers, managers, and promoters; prohibit managers and promoters from having shared financial interests; and require the Federal Trade Commission (FTC) to provide information about organizations that sanction professional boxing matches. S. 305 would allow the FTC to charge the sanctioning organizations fees to offset the costs of providing such information. The bill also would make violations of certain provisions of the Professional Boxing Safety Act of 1996 federal crimes. Finally, under the bill, boxers' identification cards would be valid for four years rather than two, as under current law.

Based on information from the FTC, CBO estimates that enacting S. 305 would have no significant impact on the federal budget. Implementing the bill would require far less than $500,000 a year in additional discretionary spending during the 2000-2004 period. That cost would be at least partially offset by fees, resulting in little or no net impact. S. 305 would affect direct spending and receipts, so pay-as-you-go procedures would apply, but CBO estimates that those effects would also be less than $500,000 a year.

The bill contains an intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA); however, CBO estimates that the costs of complying with this mandate would not be significant and would not exceed the threshold established in the act ($50 million in 1996, adjusted annually for inflation).

S. 305 would impose several private-sector mandates on the boxing industry, mainly on promoters and on organizations that sanction professional boxers. In general, the new mandates on promoters relate to the protection of boxers from exploitation. The bill also would impose procedural requirements on sanctioning organizations. In total, CBO

estimates that the private-sector mandates identified in this bill would not exceed the statutory threshold established in UMRA ($100 million in 1996, adjusted annually for inflation) in any of the next five years.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

Based on information from the FTC, CBO estimates that enacting S. 305 would require new spending subject to appropriation of far less than $500,000 a year during the 2000-2004 period, and that such amounts would be at least partially offset by collections of fees. The costs of this legislation fall within budget function 370 (commerce and housing credit).

Enacting S. 305 could increase governmental receipts from the collection of criminal fines, but CBO estimates that any such increase would be less than $500,000 annually. Criminal fines are deposited in the Crime Victims Fund and are spent in the following year. Thus, any change in direct spending from the fund would also amount to less than $500,000 annually.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. CBO estimates that any increases in governmental receipts and direct spending would each total less than $500,000 a year.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

The bill contains an intergovernmental mandate as defined in UMRA, but CBO estimates that complying with the mandate would not result in significant additional costs to states. State boxing commissions would be required to establish procedures to ensure that no boxer is permitted to box while under suspension in any state due to unsportsmanlike conduct. Current law already requires state boxing commissions to have procedures in place to prevent boxers suspended for other reasons from boxing in their states. Therefore, CBO estimates that the additional costs to states to comply with this new requirement would not be significant. Enactment of the bill would impose no other costs on state, local, or tribal governments.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

S. 305 would impose several private-sector mandates on the boxing industry, mainly on promoters and organizations that sanction professional boxers. The most significant provision in the bill affecting promoters is a one-year limit on promotion contracts that the boxer is required to sign in order to participate in a match against another boxer under contract to that promoter. Based on information from industry sources, CBO believes that this provision could impose significant costs, but only on a few promoters.

This bill would also impose mandates on sanctioning organizations. According to representatives from such organizations, the costliest of those mandates would be the requirement to notify boxers and the Association of Boxing Commissions of any rating change of a boxer within or moving into the top ten rated boxers. Based on information from the major U.S. sanctioning organization, CBO estimates that the cost of notification would be less than $30,000 annually for each sanctioning organization.

S. 305 would also impose mandates with minimal costs on managers, licensees, matchmakers, and judges. CBO estimates that the total direct costs of mandates in this bill would be far less than the private-sector threshold ($100 million in 1996, adjusted annually for inflation).

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